

Message Text

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PAGE 01 BUENOS 07439 042205Z

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ACTION SS-30

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FM AMEMBASSY BUENOS AIRES

TO SECSTATE WASHDC 8358

C O N F I D E N T I A L BUENOS AIRES 7439

EXDIS

E.O. 11652: GDS

TAGS: BBAK, EIND, AR

SUBJ: SWIFT-DELTEC

REF: STATE 216294

1. I MET WITH MR. IAN ARMSTRONG, VICE-PRESIDENT, DELTEC INTERNATIONAL, MORNING OF OCT 2 AT HIS REQUEST. AMRSTRONG, WHO SAID HE IS NOW ONE OF FEW OFFICERS IN COMPANY FREE TO COME TO ARGENTINA, HAD VISITED ECONOMIC COUNSELOR SEPT 30, AT WHICH TIME HE HAD REQUESTED APPOINTMENT WITH ME.

2. IN EARLIER MEETING, ARMSTRONG HAD EXPRESSED CONCERN, BASED ON HIS RECENT CONVERSATIONS WITH JULIO NUNEZ, THAT DEPARTMENT OF STATE, UP TO AND INCLUDING THE SECRETARY, BELIEVED THAT DELTEC WAS EXAGGERATING ITS PROBLEMS IN ARGENTINA. HE REFERRED PARTICULARLY TO RECENT ARREST ORDERS REPORTEDLY ISSUED FOR MEMBERS OF DELTEC BOARD, AND ASKED HOW DEPARTMENT COULD BE CONVINCED THAT CASE WAS INDEED SERIOUS, AND THAT ARREST ORDERS HAD IN FACT BEEN ISSUED. IN THIS REGARD, HE ASKED ABOUT POSSIBILITY OF EMBASSY REQUESTING INFORMATION FROM COURT OR THROUGH FOREIGN MINISTRY, BASING OUR INQUIRES ON PRESS REPORTS OF ARREST ORDERS AND POSSIBLE EXTRADITION REQUESTS INVOLVING US CITIZEN.

3. IN MY MEETING WITH HIM, I ASSURED HIM THAT DEPARTMENT IS FULLY AWARE OF SERIOUSNESS OF DELTEC'S PROBLEMS HERE, AND THAT IN FACT EMBASSY HAD JUST BEEN INSTRUCTED TO RAISE
CONFIDENTIAL

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PAGE 02 BUENOS 07439 042205Z

MATTER WITH GOA (REFTEL RECEIVED HERE SAME MORNING OCT 2).

I MADE CLEAR TO HIM SENSITIVITY OF ISSUE FOR ALL PARTIES AND CONSEQUENT PROBLEMS SHOULD EMBASSYS INTEREST BECOME WIDELY KNOWN, AND EXPLAINED THAT ANY FURTHER INFORMATION, SPECIFICALLY THE REACTION OF GOA, WOULD HAVE TO COME THROUGH THE DEPARTMENT.

4. HE AGAIN BROUGHT UP POSSIBILITY OF EMBASSY MAKING INQUIRIES RE ARREST ORDERS, AND INDICATED DELTEC MAY ALSO RAISE THIS POINT WITH DEPARTMENT. WE GAVE HIM NO ENCOURAGEMENT AS TO LIKELIHOOD OF OBTAINING REPLY TO SUCH INQUIREIS HERE, EXPLAINED THAT LEGAL RAMIFICATIONS WOULD HAVE TO BE CLOSELY EXAMINED, AND THAT EMBASSY COULD ONLY ACT ON SPECIFIC INSTRUCTIONS FROM DEPARTMENT.

5. ARMSTRONG SAID THAT ON BASIS OF THIS VISIT TO BUENOS AIRES, HE IS CONVINCED THAT ONLY OPTION LEFT TO COMPANY IS EXPROPRIATION OF SWIFT BY GOA. HE PREFERS THIS TAKE PLACE AS PART OF GENERAL EXPROPRIATION OF ALL MAJOR PACKING PLANTS (SWIFT, FASA AND CAP) WHICH NOW UNDER GOA OPERATIONAL CONTROL. HE SAID DELTEC WOULD HOPE TO REAIZE SUFFICIENT COMPENSATION FROM EXPROPRIATION TO COVER OUTSTANDING DEBTS, WHICH HE ESTIMATED AT US 30 MILLION, AND THUS REGAIN CONTROL OF OTHER DELTEC PROPERTIES IN ARGENTINA, PRIMARILY SUGAR MILL, WHICH WOLD THEN BE SOLD TO LOCAL BUYERS. ALTERNATE POSSIBILITY WOULD BE GOA EXPROPRIATION OF ALL DELTEC PROPERTIES (SWIFT, SUGAR MILL, ETC.)

6. COMMENT: ON EXPROPRIATION ISSUE, DELTEC HAS NUMBER OF UNUSUAL ALLIES, INCLUDING SOME CONGRESSMEN AND THE MEAT PACKERS UNION, WHO ARE PROPOSING EXPROPRIATION OF SWIFT, FASA (EX-WILSON) AND CAP PACKING PLANTS, ALL OF WHICH WOULD BECOME PART OF NATIONAL MEAT PACKING CORPORATION. LABORS INTEREST IS TO INSURE CONTINUED EMPLOYMENT FOR LARGE LABOR FORCE NOW EMPLOYED BY THESE PLANTS, WHICH REPRESENT LAST OF TRADITIONAL LARGE MEAT PACKING COMPLEXES IN ARGENTINA. WHILE DELTEC'S MAJOR INTERST WILL STILL BE AMOUNT OF COMPENSATION RECEIVED AS RESULT OF SUCH EXPROPRIATION, COMPANY PROBABLY SEES LITTLE OR NO POINT IN PROLONGING PRESENT IMPASSE, IN WHICH SWIFT'S DEBTS CONTINUE TO INCREASE, SUGAR MILL OPERATIONS SUFFERING, AND HARRASSMENT OF DIRECTOS INCREASES UNDER CRIMINAL CASE. WHILE CIVIL AND CRIMINAL CASES NOT LEGALLY CONNECTED, IT GENERALLY ASSUMED THAT RESOLUTION OF FORMER WILL REDUCE PRESSURE UNDER LATTER. END COMMENT.
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PAGE 03 BUENOS 07439 042205Z

7. DELTEC PROBLEM, ALONG WITH THOSE OF OTHER US COMPANIES, MENTIONED IN GENERAL WAY DURING MY CALL ON SUBSECRETARY BECKMANN OF FONMIN, AFTERNOON OF OCT 2 (SEE SEPTTEL). I AM SEEKING APPOINTMENT WITH MINISTER VIGNES FOR MIDDLE OF NEXT WEEK TO SPECIFICALLY RAISE DELTEC CASE IN ACCORD WITH INSTRUCTIONS CONTAINED REFTTEL.
HILL

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